

**CITY OF FALLS CHURCH
AFFORDABLE HOUSING FUND
GUIDELINES**

The City of Falls Church Affordable Housing Fund(AHF) provides funding both to maintain existing affordable housing and to develop additional affordable housing opportunities in the City for households with gross income less than 80% of the median income for the Washington Metropolitan statistical area. Funds are awarded on a rolling application basis through a public process and are to be site specific. Applications may be sponsored by either City or private agencies. Applications may be submitted at any time.

PUBLIC PURPOSE

The AHF seeks to promote the preservation and development of affordable dwelling units (ADUs) through projects which:

- Create or acquire ADUs; or
- Preserve existing ADUs; or
- Adapt or rehabilitate existing buildings/structures.

ELIGIBLE ACTIVITIES

- Acquisition, rehabilitation and/or development of multi-family or single family unit buildings; or
- Acquisition, rehabilitation and/or development of specialized housing for the elderly, mentally or physically disabled or homeless; or
- Acquisition/rehabilitation of properties for adaptive reuse.

ELIGIBLE APPLICANTS

- Nonprofit organizations with 501c3 status
- For profit organizations
- City

USE OF FUNDS

- Bridge loans
- Financing up to 10 years unless justified by special exception
- Predevelopment Grants

DISBURSEMENT OF FUNDS

- City Council approves and authorizes the City to sign a contract
- Contract provides details of time tables, conditions of satisfactory completion of work, and payment schedule
- Restrictive covenants will be recorded

APPLICATION PROCESS

1. Applicants complete an Affordable Housing Fund application with supporting documentation and submit to the Housing and Human Services Division (HHS).
2. The Housing Commission convenes an Affordable Housing Fund Committee (AHFC) of five members to be composed of one representative each from Housing Commission, HSAC, Planning Commission, Falls Church Housing Corporation, and up to two at-large members from the community who have a background in affordable housing development and/or financing. The AHFC will be chaired by the Housing Commission member. In the event of a conflict of interest, the affected member would recuse him or herself from the review and award process.
3. HHS works with applicants and forwards all applications with staff recommendations to the AHFC for review.
4. AHFC reviews qualifying applications and formulates recommendations.
5. Housing Commission reviews and submits recommendations to the City Council.
6. City Council holds public hearing.
7. City Council determines approval(s) for funding.

**AFFORDABLE HOUSING FUND APPLICATIONS
For PREDEVELOPMENT GRANTS**

Predevelopment Funding Guidelines

- I. Pre-Application Requirements
 - a. Applicant must have site control
 - b. Must meet a priority housing need as identified in the City's Consolidated Plan For Housing & Community Development Needs (enclosed)
 - c. Project must be affordable for at least 20 years or provide the City of Falls Church, or its designee, with the option to purchase after the 15th year.
 - d. Project must provide a selection preference for persons who live or work in the City of Falls Church

- II. Funding Terms
 - a. Applicants requesting funds for items a through h listed in Section V below may request a grant for predevelopment funds up to the maximum amount available in the Fund. The Committee has the discretion to award funds for item i in Section V.
 - b. Applicants may only receive pre-development funds once per project
 - c. The Affordable Housing Fund Committee (AHFC) may determine that specific *predevelopment budget items identified by the applicant* within a maximum budget amount shall be undertaken and approved before the expenditure of the balance of the AHF grant *by the date identified in the applicant's estimated date of completion for these predevelopment activities, as listed in the applicants predevelopment timeline.*
 - d. Funds will be disbursed in two equal installments: the first disbursement will be an advance of funds; the second disbursement will be released upon receipt of a reimbursement request from the award recipient
 - e. All predevelopment funds must be expended within 18 months; unspent funds must be returned to the City within 30 days of the 18-month expenditure deadline

- III. Eligible Predevelopment activities (including, but not limited to the following):
 - a. Architectural and engineering studies
 - b. Attorney fees
 - c. Appraisal
 - d. Title reports
 - e. Environmental studies
 - f. Market studies
 - g. Feasibility analyses
 - h. Archeological studies
 - i. Other predevelopment costs (further architectural and engineering services related to site plan preparation, building plan preparation, surveys, utility easement plat preparation, review fees, detailed cost estimates and other services typically required

(Predevelopment continued)

- IV. Ineligible Activities
 - a. Predevelopment funds may not be used for construction costs
 - b. Operating costs are not eligible
- V. Submission Requirements and Evaluation Criteria
 - a. Clear description of project
 - b. Site Control Documentation
 - c. Project Predevelopment Budget, Total project cost estimate, Predevelopment Timeline
 - d. Documentation of how project will benefit City beneficiaries
 - i. Priority preference shall be used in the selection of owners/renters and the following shall apply in establishing the order of priority for purchasers or renters:
 - 1. Seniors & persons with disabilities who live in the City of Falls Church
 - 2. Non-seniors who live in the City of Falls Church
 - 3. Seniors & persons with disabilities who work FOR the City of Falls Church or its schools
 - 4. Non-seniors who work for the City of Falls Church or its schools
 - 5. Seniors & persons with disabilities who work IN the City of Falls Church.
 - 6. Non-seniors who work in the City of Falls Church.
 - 7. Seniors & persons with disabilities who do not live in the City of Falls Church.
 - 8. Non-seniors who do not live in the City of Falls Church.
 - e. Documentation of which income group will be served by project
 - i. Projects must serve households with gross incomes less than 80% of the area median income as defined by the U.S. Department of Housing & Urban Development.
 - ii. Low-income means a household whose incomes do not exceed 60% of the area median income, adjusted for household size.
 - iii. Moderate income means a household whose income is at least 61% and not more than 80% of the area median income.
 - iv. Persons with disabilities include any persons who are unable to engage in any substantial gainful activity because of any physical or mental impairments that are expected to result in death or have lasted or can be expected to last continuously for at least 12 months.
 - v. Senior/elderly means any persons who are not less than 62 years of age at the time of application.
 - f. Experience of project applicant (e.g., résumés of applicant, previous project description)

AFFORDABLE HOUSING FUND APPLICATIONS
for Construction, Rehabilitation, Acquisition activities

THRESHOLD CRITERIA

1) Qualifying Criteria

- ADUs must be affordable for 15 years unless justified by special exception
 - Size of grant
 - Amount and quality of units; and
- AHF must be leveraged by private and/or public source(s) at a minimum 3:1 ratio committed at time of award; and
- Long-term feasibility must be demonstrated through
 - Proposed budget for replacement reserves
 - Property management plan
 - Pro forma statement showing operating and maintenance costs
 - Debt coverage ratio equal to or more than 1.25; and
- Preference for beneficiaries who live or work in City of Falls Church; and
- Non-supplantation of existing project, unless justified by special exception.

2) Evaluation Criteria

- Site control documentation
- Additional funding/extent of leveraging
- Financial feasibility
- Population to be served
 - Preference for households with incomes at 60% of median or below
 - Preference for City employees
 - Preference for those who live or work in City
- Experience of sponsor and development team capacity
- Project consistent with City policies, Comprehensive Plan, and Consolidated Plan
- Readiness to proceed
- Comparables on rent or marketing study
- Preference for loan requests

Revised November 3, 2005